

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE _____ September 15, 2015

Contact: Andy Nielsen
515/281-5834

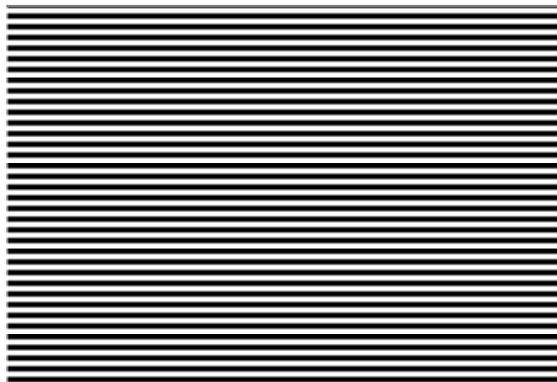
Auditor of State Mary Mosiman today released a report on the Iowa Communications Network (ICN) for the year ended June 30, 2014.

The ICN is responsible for the management, development and operation of the statewide telecommunications network which carries and switches full motion interactive video, voice and data traffic for Iowa's educational institutions and other authorized users.

Mosiman recommended the ICN strengthen internal controls over information systems and develop policies and procedures to ensure receipts are deposited intact and timely. Also, the ICN should consistently follow written policies regarding the reporting of uncollectible accounts. The ICN's responses to the recommendations are included in the report.

A copy of the report is available for review at the Iowa Communications Network, in the Office of Auditor of State and on the Auditor of State's website at <http://auditor.iowa.gov/reports/1560-3360-OR00.pdf>.

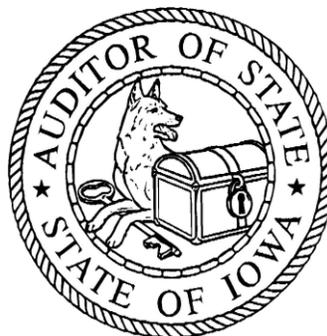
###



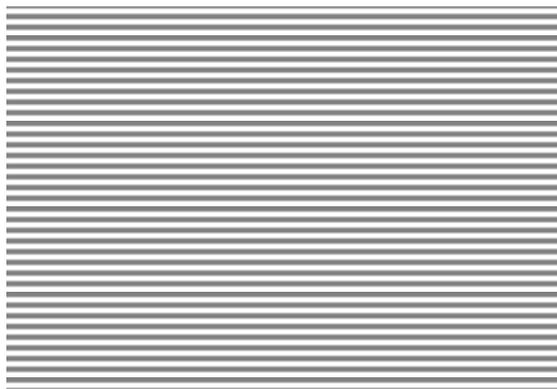
**REPORT OF RECOMMENDATIONS TO THE
IOWA COMMUNICATIONS NETWORK**

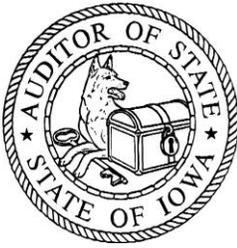
JUNE 30, 2014

Office of
**AUDITOR
OF STATE**
State Capitol Building • Des Moines, Iowa



Mary Mosiman, CPA
Auditor of State





OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

September 10, 2015

To the Members of the Iowa Telecommunications
and Technology Commission:

The Iowa Communications Network (ICN) is a part of the State of Iowa and, as such, has been included in our audit of the State's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2014.

In conducting our audit, we became aware of certain aspects concerning the ICN's operations for which we believe corrective action is necessary. As a result, we have developed recommendations which are reported on the following pages. We believe you should be aware of these recommendations pertaining to the ICN's internal control. These recommendations have been discussed with ICN personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the ICN's responses, we did not audit the ICN's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Iowa Communications Network, citizens of the State of Iowa and other parties to whom the Iowa Communications Network may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the ICN during the course of our audit. Should you have questions concerning the above matters, we shall be pleased to discuss them with you at your convenience. Individuals who participated in our audit of the ICN are listed on page 6 and they are available to discuss these matters with you.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

cc: Honorable Terry E. Branstad, Governor
David Roederer, Director, Department of Management
Glen P. Dickinson, Director, Legislative Services Agency

June 30, 2014

Finding Reported in the State's Report on Internal Control:

No matters were noted.

Other Findings Related to Internal Control:

- (1) Password Controls – User identification numbers and passwords identify and authenticate users in controlling access to system resources. Typical controls for protecting information resources include the use of strong passwords which are at least eight characters in length, include a combination of alpha, numeric and special characters, are changed every 60 to 90 days, are not allowed to be reused and are locked out after a limited number of consecutive unsuccessful attempts. Passwords for certain systems include several of these control features, but other control features are not present.

Recommendation – The ICN should take steps to strengthen password controls.

Response – We have enacted the password controls in NetPlus that will require users to change passwords every 90 days, prevent users from using duplicate passwords and require the letters, numbers and characters used to meet Microsoft compliancy. We are still working with the Microsoft Dynamics SL vendor to be able to get the appropriate security setup in Active Directory which we use to sign in to other state government applications, thus making all applications subject to those requirements.

Conclusion – Response accepted.

- (2) Timely Deposit – Chapter 12.10 of the Code of Iowa requires monies received be deposited within ten days of collection. Fifteen of thirty-one receipts tested were not deposited timely or within ten business days.

Recommendation – The Department should develop procedures to ensure all receipts are deposited intact and timely.

Response – This is mostly caused by the lack of staff to process receipts daily. Responsible staff may only have a few hours each month to process so the receipts accumulate and are then done all at once. We will make a priority to find time to process receipts and not let this happen.

Conclusion – Response accepted.

- (3) Uncollectible Accounts – The ICN has developed a formal written policy for writing off uncollectible receivable balances. However, the method used for writing off the balances was not consistent with the documented policy.

Recommendation – The ICN should consistently follow the written policy for writing off uncollectible receivable balances.

Response – The policy we currently use was developed in fiscal year 2014 so there was only consistent use of the policy after the date it was released. Application for fiscal year 2015 should adhere to this policy.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Communications Network

June 30, 2014

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Report of Recommendations to the Iowa Communications Network

June 30, 2014

Staff:

Questions or requests for further assistance should be directed to:

Suzanne R. Dahlstrom, CPA, Manager
Karen L. Brustkern, CPA, Senior Auditor II
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audit include:

Benjamin P. James, CPA, Staff Auditor
Benjamin R. Salow, Assistant Auditor
Erin J. Sietstra, Assistant Auditor
Ryan P. Swanson, Assistant Auditor
Jenna E. Wittkop, Audit Intern